

## 1998 SMALL BUSINESS PROFILE

### SMALL BUSINESS: HEART OF THE NEW HAMPSHIRE ECONOMY

The importance of small business to the state of New Hampshire is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

**Number of Businesses** - In 1997, New Hampshire had 36,622 businesses with employees; 96.9 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 61,000 self-employed persons in 1997.

**Small Business Income** - The income of sole proprietors and partners rose 2.7 percent to \$2.4 billion in 1997, while wage-and-salary income rose 8.3 percent. The state also exported \$1.9 billion of goods in 1997. (In 1992, 79.1 percent of the exporters in the state were small businesses.)

**Women-Owned Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 41,900 women-owned businesses in New Hampshire, including part-time firms, employing 96,000 people and generating \$14.6 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 69.6 percent.

**Minority Businesses** - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, decreased 79.9 percent from 1987 to 1992, totaling 46 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 99.6 percent during the same time period with 487 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 333 in 1987, to 666 in 1992, representing a 100.0 percent increase.

**Business Turnover** - Between 1996 and 1997, the number of new firms increased 23.7 percent, while new business incorporations decreased 9.1 percent. Financial difficulties leading to business bankruptcies increased by 103.3 percent and business failures increased by 11.2 percent.

**Finance** - An SBA Office of Advocacy study found that the number of banks in New Hampshire decreased from 24 in 1994 to 22 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
VILLAGE B&TC	Gilford
COMMUNITY B&TC	Wolfeboro
CENTERPOINT BK	Bedford
PROVIDIAN NB	Concord
BANK OF NH	Manchester

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

**Job Growth** - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	41,605	8,921	4,394	(6,296)	(11,732)	36,893
Manufacturing	1,122	2,337	3,054	(1,007)	1,387	6,892
Retail Trade	9,269	1,263	1,145	(2,693)	(5,177)	3,806
Services	23,323	4,561	2,176	(639)	(5,169)	24,253
Other	7,890	759	(1,977)	(1,957)	(2,774)	1,942

**Industries** - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in New Hampshire, followed by Health Services. The fastest growing industry for small business is Electric, Gas, & Sanitary Services (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	464,013	100.0	57.6
Health Services	8000	47,724	10.3	43.8
Eating & Drinking Places	5800	32,134	6.9	72.4
Business Services	7300	30,171	6.5	60.0
Food Stores	5400	19,687	4.2	37.2
Miscellaneous Retail	5900	17,975	3.9	57.9

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	267,205	100.0	57.6
Eating & Drinking Places	5800	23,267	6.9	72.4
Health Services	8000	20,913	10.3	43.8
Business Services	7300	18,105	6.5	60.0
Wholesale Trade - Durable Goods	5000	12,811	3.6	76.4
Social Services	8300	12,089	3.0	85.5

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	267,205	9,163	3.4
Electric, Gas, & Sanitary Services	4900	1,190	325	27.3
Elec. Equip. & Components Except Compt.	3600	5,717	1,014	17.7
Fabricated Metal Products Except Machinery	3400	4,537	587	12.9
Home Furniture, Furnishings, & Equip. Stores	5700	3,175	409	12.9
Communications	4800	1,510	185	12.3

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.